

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 126**

February 6, 2015

**SUMMARY OF BILL:** Authorizes dependent children of members of the armed forces or Tennessee National Guard, who qualify for classification as in-state students under regulations promulgated by the Tennessee Board of Regents pursuant to Tenn. Code Ann. § 49-8-104 at the time of enrollment in the eligible postsecondary institution, to qualify for HOPE scholarships.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$340,500/FY15-16/Lottery for Education Account  
\$528,000/FY16-17/Lottery for Education Account  
Exceeds \$528,000/FY17-18 and Subsequent Years/  
Lottery for Education Account**

Assumptions:

- The Tennessee Student Assistance Corporation (TSAC) estimates that 100 new students will be impacted by this change and receive a HOPE scholarship. Of these students, 81 will attend a four-year institution and receive a \$3,500 scholarship and 19 will attend a two-year institution and receive a \$3,000 scholarship.
- In FY15-16, the increase in state expenditures from the Lottery for Education Account (LFEA) will be \$283,500 for students receiving a \$3,500 scholarship ( $\$3,500 \times 81$ ), and \$57,000 for students receiving a \$3,000 scholarship ( $\$3,000 \times 19$ ), for a total of \$340,500 ( $\$283,500 + \$57,000$ ).
- There will be an additional 100 students receiving HOPE scholarships in FY16-17 (81 attending a four-year institution and 19 attending a two-year institution), for an increase in state expenditures from the LFEA of \$340,500.
- TSAC confirmed the retention rate for Hope Scholarship recipients is 55 percent from the student's first year to the second year.
- Fifty five students ( $100 \times 55\%$ ) from the FY15-16 class will retain their award; forty five students at a four-year institution and ten students at a two-year institution. The increase in state expenditures from the LFEA for returning students is estimated to be \$187,500 [ $(\$3,500 \times 45) + (\$3,000 \times 10)$ ] in FY16-17.
- The total increase in state expenditures from the LFEA in FY16-17 is estimated to be \$528,000 (\$340,500 for new FY16-17 students + \$187,500 for returning FY15-16 students).

- In FY17-18 and subsequent years, the recurring increase in state expenditures from the LFEA will exceed \$528,000.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

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